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Central American Trade Pact Vital to Keeping Valley Strong

By James C. Morgan

If you work in Silicon Valley or want to land a job here, there is a good chance that your salary will be paid from the proceeds of exports to markets outside the United States. Silicon Valley is among the top exporting regions of the United States, and the economy we have built and our continued prosperity are closely linked to our ability to produce goods and services that appeal to the world's consumers.

Technology and innovation are America's competitive advantages in the 21st century and they provide Silicon Valley with an edge in the global marketplace in terms of high-paying jobs, economic growth and productivity. The United States exported \$201 billion in advanced technology products last year -- about a quarter of all American exports. High-tech goods are important exports, but as the global economy becomes more competitive, America must engage our trading partners in agreements that open new markets, benefit consumers, and provide jobs and taxes revenues here at home.

All markets important

The next trade agreement that Congress is preparing to debate is the U.S. Dominican Republic/Central American Free Trade Agreement. For years Congress has allowed the vast majority of goods from the nations of Central America and the Dominican Republic to enter the U.S. market duty-free under preferential trade programs that promote economic growth in the countries in this region to enable faster development. This agreement is focused upon balancing our trade relationship by granting U.S. products the same duty-free treatment in Central America that their goods currently enjoy when exported to the United States.

High-tech products are increasingly becoming consumer products. From cell phones to video games to flat-panel TVs, more and more products that consumers buy contain the silicon technology that gave our region its name.

With 95 percent of the world's consumers outside the United States, Silicon Valley cannot afford to leave any markets out of reach while facing competition from Asia and Europe. That is why this deal with Central America is important.

I became involved in promoting trade when Silicon Valley was just beginning to blossom in the mid-1970s and faced strong competition from Japan. At that time and extending into the 1980s, there were serious trade barriers between the United States and Japan -- especially in the semiconductor industry. Formal and informal trade barriers, along with cultural differences, weighed on economic activity. It was clear to me that the high-tech industry would not be able to reach its potential unless we embraced the global nature of the economy.

Fortunately, we have come a long way since then. Today, the ethnic diversity of a place like Silicon Valley -- and of companies like Applied Materials -- has become a key competitive advantage for competing in the global economy. The people of Silicon Valley have strong links with Central America, and our companies are producing products that appeal to consumers.

Don't waver on free trade

The promise and potential of Silicon Valley is at risk if we abandon our commitment to growing markets around the world for the products we develop and innovate. Passage of the Central America trade agreement not only is important to exporting regions like Silicon Valley, but also is important as a sign of America's continued trade leadership. Failure to conclude a deal with some of our closest neighbors would send a disastrous signal that the United States is no longer a leading voice in favor of free trade.

By passing the Central America agreement, Congress can make it clear to the world that America stands behind the free markets needed to sustain economic growth and prosperity for the entire country, including places like Silicon Valley that already rely on global markets.

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